

United States Senate

WASHINGTON, DC 20510

May 22, 2017

Ms. Betsy DeVos
Secretary of Education
400 Maryland Avenue, S.W.
Washington, DC 20202

Dear Secretary DeVos:

I am writing to ask that the U.S. Department of Education (the "Department") immediately provide debt relief to students who attended a closed school and have yet to re-enroll in another institution. Former students at up to 25 former campuses in Missouri and 406 campuses across the United States are awaiting a discharge of their loan debt that can and should be provided to them today.

According to the Department, providing borrowers whose school has closed with automatic relief on their student loan debt is both operationally and legally possible. As announced on October 28, 2016 with the release of final regulations for "borrower defense," the Department included several provisions in response to public comment, such as:

Early Implementation of Automatic Closed School Discharge: *The final regulations provide for the automatic discharge of the loans of borrowers whose school closed on or after Nov. 1, 2013 and have not re-enrolled in another Title IV participating institution within three years. The Department intends to designate this provision for early implementation as soon as operationally possible before July 1, 2017, which will allow eligible Corinthian borrowers to benefit from this streamlined process sooner.*

This policy reduces unnecessary paperwork and red tape for borrowers, and more efficiently provides them the debt relief they deserve. Many borrowers who are eligible for a closed school discharge of their loans do not apply, often because they are unaware that they are even eligible for student loan debt relief in the first place. A closing school often prefers to move borrowers into a teach-out rather than advising them of the option for a closed school discharge, as to avoid any financial liability for recoveries against the school.

Under the Department's rules, borrowers will receive accurate and complete information with regard to their eligibility for a closed school discharge earlier in the school closing process, and will receive automatic discharges if they do not subsequently re-enroll at another school. As previously stated, the early implementation of these new rules allows borrowers whose school closed on or after November 1, 2013 and on or before June 30, 2014 to have their loans discharged under this provision beginning immediately. The only barrier standing in the way is the Department's choice to take action on behalf of borrowers and implement this provision.

If the Department chooses not to act, there will be serious consequences for students in Missouri and across the country. According to the Department's own analysis, nearly half (47 percent) of federal student loan borrowers who attended schools that closed between 2008 and 2011 had neither received enrolled in a different school nor received the closed school loan discharge they are legally entitled to. Research has also consistently shown that students who do not complete their degree are among the most likely to default on their loans, sending them into collections, wage garnishment, and tax offset. This is a negative outcome for the borrower and taxpayer alike.

Students who are unable to complete their program because their institution closed cannot be led into default, which would have a devastating financial impact on the student's life at no fault of his or her own. Given the financial stress and impact that student loan debt has on borrowers and our economy as a whole, I request you move forward with the early implementation of automatic closed school discharge as expeditiously as possible. Thank you for your attention to this urgent matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
United States Senator